

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re: :
DIGS NYC L.L.C., et al., : Docket #14cv538
: 1:14-cv-0538-PAC
Plaintiffs, :
- against - :
G.M. MADONNA & CO. L.L.C., et al., : New York, New York
: March 20, 2014
Defendants. :

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PROCEEDINGS BEFORE
THE HONORABLE PAUL A. CROTTY,
UNITED STATES DISTRICT COURT JUDGE

APPEARANCES:

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<u>Witness</u>	<u>Direct</u>	<u>Cross</u>	<u>Re- Direct</u>	<u>Re- Cross</u>
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None

E X H I B I T S

<u>Exhibit Number</u>	<u>Description</u>	<u>ID</u>	<u>In</u>	<u>Voir Dire</u>
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THE CLERK: Your Honor, this is the matter of Digs NYC L.L.C. versus G.M. Madonna & Co. L.L.C., docket number 14cv538. Counsel for plaintiffs, please state your appearance for the record.

MR. DANIEL SINGER: Daniel Singer, Law Office of Daniel A. Singer, P.L.L.C. attorney for the plaintiffs.

HONORABLE JUDGE PAUL A. CROTTY (THE COURT): Okay. Mr. Singer. Who's with you at the table?

MR. SINGER: Is Bhupindar Rajwin and Eva Rajwin (phonetic), both plaintiffs and members of the L.L.C.

THE CLERK: For defendants?

MR. ROBERT FINKELSTEIN: Robert Finkelstein, Finkelstein Platt.

MR. CHRISTOPHER PLATT: And Christopher Platt, Finkelstein Platt.

THE COURT: Okay. And who's with you?

MR. FINKELSTEIN: Our client Geralynn Madonna who is also the sole member of each of the --

THE COURT: Okay. All right, Mr. Singer, how do you want to proceed?

MR. SINGER: I can take it, Your Honor, I can take it from the top if you like?

THE COURT: Yes, please.

MR. SINGER: Okay. Before I go and dig into the facts --

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THE COURT: This is being recorded, so you know.
E don't have a court reporter here, but.

THE CLERK: He can pick up the audio. You don't necessarily have to speak into the microphone.

MR. SINGER: Okay. So if I can summarize this case or my review of opposition papers in a few words, it would be you're right; I promise I won't do it again. Unfortunately, that's not enough to deny our request for relief for preliminary injunction.

Going back, to give a little bit of historical background here. Diggs is a clothing store owned by both my clients and has been in the business since 2005 in New York. They have a very strong reputation in the New York community. They even have some celebrity clients, such as Jennifer Love Hewitt shops there.

They have also developed a nationwide --

THE COURT: They have -- who? Who's the --

MR. SINGER: Jennifer Love Hewitt, an actress.

THE COURT: Oh, really?

MR. SINGER: Yeah, has shopped there. I have --

THE COURT: A name unfamiliar to me, but she's famous.

MR. SINGER: She is an actress, yes, a television actress.

THE COURT: Okay.

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MR. SINGER: And there was actually an article, as I attach as Exhibit E to my reply papers, which had a photo of her shopping at the Digs store, the former Digs store in Soho.

THE COURT: And the plaintiffs and the defendants were together for approximately two years?

MR. SINGER: Exactly. The brand --

THE COURT: And then they had a business divorce.

MR. SINGER: Yes. The Digs brand -

THE COURT: Now we're dealing with the untangling of the relationship where they had various websites and trademarks that they shared, or?

MR. SINGER: No, I think that's where the distinction needs to be made. The Digs brand name and the associated marks well-developed before the marriage took place. It had a very strong reputation in the New York community, had a strong reputation nationwide for their website. They were selling and advertising online.

As part of the marriage, initially they were going to share certain trademarks. The idea was that together they were going to build the Digs brand, if everything worked out, and there was a licensing agreement regarding the trademark -- the trademarks, including -- there's a list of the marks Digs at the time. There was a license specifically about that.

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2 When things start to unravel they executed a
3 membership transfer agreement. Very simple, Your Honor,
4 the idea behind the agreement was they were going their
5 separate ways. Miss Madonna was going to use the old Digs
6 Soho store to continue her line, which is Madonna &
7 Company, also well-advertised on the internet, and my
8 clients were going to go continue the Digs line at their
9 flagship upper eastside store, like it had been before.

10 The license clear cut had terminated, clear cut,
11 Section 1.03 of the membership transfer agreement. They
12 couldn't --

13 THE COURT: So what is Ms. -- what is Miss
14 Madonna doing now that cast her into liability?

15 MR. SINGER: I'm sorry?

16 THE COURT: Cast her into liability.

17 MR. SINGER: Oh.

18 THE COURT: I mean, the allegations that you make
19 are dated as of December. You did a check that's attached
20 to your complaint, a lot of exhibits, but they all date in
21 December. So what is the current state of affairs? It's
22 three months --

23 MR. SINGER: The current state --

24 THE COURT: -- three months later.

25 MR. SINGER: The current state of affairs is
26 quite simple. If I may, I'll preface that by saying that -

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THE COURT: Is Miss Madonna still using the Digs name?

MR. SINGER: Absolutely, absolutely, and --

THE COURT: How?

MR. SINGER: -- attached is Exhibit C and D we have referenced some sites that my clients found after reviewing their materials. That it still references that have, for example the Yelp site still references them as being formerly known as Digs.

THE COURT: Formerly known as Prince?

MR. SINGER: Sort of to speak. But obviously, Your Honor, that near association, as far as we're concerned, is a clear violation of the membership agreement and a clear violation of the trademark license.

THE COURT: Are they still using that? Formerly known as Digs?

MR. SINGER: On the Yelp site, yes, it was appearing like that, yes, in which they downloaded on the 19th. Here's the thing, if I may summarize in a nutshell because I -- when I first got involved in this process in late November I would say, approximately, there were -- and I learned afterwards there were a plethora of marks violations out there.

What appears to have happened is after we filed

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2 the complaint there was some changes. And even though they
3 claimed they didn't know about this case until I made the
4 motion, I find that extremely hard to believe.

5 The most violating infringement as far as I am
6 concerned was, was that embedded within the URL on their
7 website was the Digs name. And also, if you have their
8 website, underneath their website was a hyperlink to
9 collections. If you hit on the collections, you would get
10 all the Digs trademark names.

11 Now, the result of that was twofold. One is when
12 you entered in Digs, the name brand, Madonna shops would
13 come up first or right behind Digs, depending on the day,
14 the Google rankings. And if you enter any of the
15 associated related terms, it would also come up as on the
16 top, which is obviously creating a huge amount of
17 confusion.

18 What appears to have happened -- I have attached
19 two screenshots here as Exhibit B -- was on -- in January
20 29th, the day I filed the complaint, it was still there.
21 January 30th it wasn't there. So what appears to have
22 happened is after January --

23 THE COURT: So I mean if it's there one day and
24 not there the next, what am I to do about that? If it's
25 not the --

26 MR. SINGER: Well, Your Honor --

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THE COURT: I mean usually when I issue injunctions it's against current conduct, not of past conduct.

MR. SINGER: Well, I'm going to get to the current conduct right now but there is, certainly the risk here is, that they will similarly put it up again. I mean they know -- it's like -- it's like the child who's been caught doing a bad thing. You know, they know we're taking legal action so they pulled back.

THE COURT: Well, you're in court, I mean, and if they do it again maybe you'd be in a different position. But they're not doing it right now. That's --

MR. SINGER: Some of them. Some of them. I'll get to the ones that are clearly they're still doing now. There has been some changes and I have to say, most of those that I put in my reply papers, were because of my client's own efforts. They communicated with Facebook. They communicated with Yelp. Yelp is one that's not cooperating, so that's a key one, because Yelp will not cooperate with my clients, and that's what, you know, we would need the cooperation of Miss Madonna as well as an order from the court to get that accomplished; that's one example.

Another example would be some of the Google associations are still up there, which I've attached also

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as Exhibit C. Other ones which they claim they tried to fix but haven't are on the whitepages.com. And one which they appeared to fix the day I filed the injunction was called Shoptiques, which up until then, under Madonna's name, they were advertising Royal Digs as one of the trademark clients.

So I think there's a couple of problems here. One is, while there seems to be less use of the marks now then there were in November and even in, perhaps in January there still is some. B, plaintiffs don't -- defendants don't think they're doing anything wrong by using them, even though they seem to be voluntarily, for now, agreeing not to. And C, there's still plenty of violations out there that I've attached as Exhibits C and D.

Now, what we're most concerned about right now, when it comes to their own stuff is why, when he entered Digs, because this is the main reason why there was a bit of a time lapse between the filing of the complaint and the injunction, was that suddenly right after they filed a complaint they had taken away this egregious thing of the URL and embedding it, and we want to see how was that affecting the searches. Was it resolving the problem or wasn't resolving the problem.

My client's been running searches throughout time and I've attached in my injunction, a search was done on

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February 15th, and still, even though Digs would taken our URL even though there's no longer a reference to the trademark lines in the collections hyperlink, it still comes up before or immediately after Digs in the searches.

So logically speaking there can only be a few explanations for this. One is, is that they've kept it in their Meta tags which is what they had before --

THE COURT: They kept it?

MR. SINGER: In their Meta tags.

THE COURT: Oh, Meta tags.

MR. SINGER: I'm not sure how familiar Your Honor is with how web pages work but typically, a typical programming style is you enter in key words in the underlying program of the website. So therefore, when you do a search, so if you have Digs, Digs, Digs, Digs, as its underlying Meta tags, when you do a search it's going to come up at the top. It's going to cause Google and the other search engines to think it's related and come at the top.

Now they claim they're not doing it, but yet, I don't see any Meta tag. I don't see -- they haven't attached their Meta tags. I don't see that. That's number one.

THE COURT: Are you suggesting that when you type in Digs in your Google search line you get access to

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Madonna?

MR. SINGER: Absolutely, absolutely, oftentimes before Digs and that's a huge problem. That's a huge problem. So we're perplexed as to why. The only rational explanation is, it's in the Meta tags or some other manipulation is going on. Google is a very smart program, okay, it's a brilliant search engine. There is no way if it wasn't something along those lines would they not be coming up before them, particularly -- and that's the reason why we waited a little bit of time to test things out -- particularly after they've taken out the trademark hyperlink and the collections, the trademarks from the collection hyperlink, and there were some other hyperlink clothing, more, now more than six weeks ago, and still it's coming up at the top of the searches. That is a major problem.

So if I can summarize, there are really two -- there's two major problems going on here continuing. Besides the third problem, which is we're concerned they'll start doing it more again. Number one is we --

THE COURT: That's no reason for an injunction if they're not doing it now. I'm not going to adjoin activity that doesn't -- it's not occurring right now and on the theory that it may happen again.

MR. SINGER: Well, what if they put it up

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tomorrow? Will I come back?

THE COURT: Well then you'll be back tomorrow.

MR. SINGER: It comes almost --

THE COURT: Well then they'll be -- there's other steps but I'm telling you right now, Mr. Singer, I'm not going to adjourn something that's not happening right now.

MR. SINGER: Okay. So let me just review what is happening and why I think we need an injunction. I think we need an injunction for everything; we disagree here, but following your logic here, let me explain to the Court what definitely needs to be adjourned.

There definitely needs to be an injunction on the use of Meta tags in their hyperlinks, okay. There definitely needs to be any kind of association with a program into their website to cause it to come up ahead of us. There definitely needs to be injunction on that. That would be a clear violation of the license agreement and a clear violation of my client's statutory and common-law trademark rights.

THE COURT: What impact is this having on you?

MR. SINGER: Oh, if someone wants to get Digs clothing, they enter in Digs, and Madonna comes to the top. Some people might think that --

THE COURT: Well, this has been going on for several months, right, since the separation? Is your

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2 dollar volume off?

3 MR. SINGER: Yes, yes, it's off significantly.
4 It's off, I believe, 30 to 50 percent. It's a huge amount.
5 It's been, you know, not since the separation; it's since
6 the termination since the transition period ended, which is
7 October 30th and obviously there was time here to
8 investigate.

9 THE COURT: I mean how much of that is due -- you
10 used to have two stores; now you have one store, right?

11 MR. SINGER: No, no, this is just talking about
12 the one store. This is not -- this is not -- has nothing
13 to do with a two-store/one-store scenario. So this is
14 because there is confusion regarding the mark. People
15 perhaps were shopping at the (indiscernible) store at one
16 point, believed it was a Digs store. Now they go back
17 online, they look for Digs, where is the address of the old
18 Digs store? Oh, there's Madonna, oh, that used to be the
19 Digs store. Oh, I'm going to go to Madonna's store. They
20 go to Madonna's store instead of going to the actual Digs
21 store. I can think of many examples how this can be
22 confusing.

23 You know, and the behavior that Miss Madonna did
24 even prior to just at the termination period was egregious.
25 I mean she said, basically sent e-mails out to all the
26 clients saying we're the former Digs store. In other

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2 words, creating the association with a Digs trademark line,
3 again against the agreement, okay.

4 The second thing is there does continue to be
5 violations on third-party sites. Now we need the Court's
6 help for this one. Two reasons, one is, I want Madonna to
7 give her best effort to take it off. Another one, as I set
8 forth in my injunction, we need -- we're asking for it to
9 adjoin the people who are acting constant third-party
10 sites.

11 Yelp, my client has tried to the end of time to
12 get -- for Yelp to take out -- they're not doing it.
13 They're not doing it. We need an order from this court.
14 White pages, too, seems to be not cooperating. Again, I've
15 listed the sites in my Exhibits C and D. I think that's
16 clear-cut. I mean it should not be any references to Digs
17 and the Google ads.

18 THE COURT: Okay.

19 MR. SINGER: And the Google ads (indiscernible),
20 the issue with the Google ads, you know, thank you, Mr. -
21 the issue with the Google ads is very similar to the
22 website search with the -- when you go in and you search,
23 you type in Digs, you're getting in their Google ads and
24 everything. So obviously, something is going on with
25 regards to how they've programmed their Google ads if it's
26 coming up with Digs, again, creating confusion.

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THE COURT: All right. Let me hear from Mr. Finkelstein and Mr. Platt. Mr. Platt?

MR. PLATT: Good morning, Your Honor. First I'd like to address one procedural issue; that the plaintiffs this morning served a reply that was against the court's orders. It was served yesterday at 3 p.m.

THE COURT: Well, it's not against, I mean, it's untimely.

MR. PLATT: They have requested for an extension of time that was rejected yesterday.

THE COURT: Yeah, right.

MR. SINGER: May I respond to that?

THE COURT: No.

MR. PLATT: I'd like to strike that from the record, Your Honor. We have not reviewed that yet this morning; we just reviewed it now. I don't think it adds anything different to what we're discussing, but.

THE COURT: Okay. What's your next -- what's your -- MR. PLATT: What I'd like to --

THE COURT: -- what's your important point?

MR. PLATT: I would just like to instead of -- I don't -- unless Your Honor has questions specific to the background, I'd like to address what plaintiff's counsel has said is happening now because it is defendant's position that there is absolutely no conduct that is

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2 occurring. This is a past dispute that the parties had
3 that any issues between the parties were resolved in
4 November or December that the plaintiffs even had notice of
5 -- or the defendants had notice of.

6 THE COURT: Well he points to Exhibits B and C or
7 C and D. Was it B and C or C and D?

8 MR. SINGER: C and D.

9 MR. PLATT: C and D or what?

10 MR. SINGER: Of the reply papers.

11 THE COURT: Oh, well, okay. I thought it was C
12 and D of your papers.

13 MR. SINGER: May I say one thing, please, just
14 quick?

15 THE COURT: Yeah, yeah.

16 MR. SINGER: I mean that's -- I could not have
17 had -- I needed the opportunity to review what they have
18 done in their opposition to get to see it.

19 THE COURT: Listen. You -- wait a minute, no,
20 wait am minute, Mr. Singer. You've sought an order to show
21 cause, right?

22 MR. SINGER: That's correct.

23 THE COURT: I granted the order to show cause. I
24 put in time for the response. It was a short time for the
25 defendants to respond, and you got a short time, too,
26 because you wanted to -- brought this on quickly. You want

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2 a preliminary injunction. Then for you to give yourself an
3 extension is really not an appropriate conduct.

4 MR. SINGER: I set forth my reasons in my papers
5 as well as a letter.

6 THE COURT: And I set forth just as promptly my
7 reasons for denying and it should've been in last night by
8 the close of business. It's not fair, it's not right to
9 give us filed papers. We got them at -- what time did we
10 get them, ten-thirty this morning?

11 THE CLERK: Ten-seventeen, Your Honor.

12 THE COURT: Ten-seventeen. We're not speed-
13 readers, you know. You're not the only case that we have.
14 I'm not paying any attention to the reply papers. Go
15 ahead.

16 MR. PLATT: Your Honor, so as I said, the
17 majority of almost all of the allegations in the papers
18 submitted with the order to show cause did not exist at the
19 time that the preliminary junction was sought. They do not
20 exist now and they do not -- there's no threat that they
21 will exist.

22 THE COURT: Now what about the formerly know as -
23 -

24 MR. PLATT: That -- the formerly known as Digs
25 Moda Soho was set forth in e-mail in -- by plaintiff's own
26 papers with their submission in October of 2013 and that

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2 was during the transition period where the defendants had a
3 license to continue to use the purported marks for that
4 month while the new brand started.

5 All it was, was the assets of the company remain
6 the same, when one of which was the customer list, and that
7 was nothing more than the defendants e-mailing their
8 customer list and saying that what was formerly Digs Moda
9 Soho is changing to Madonna & Company. I can't imagine any
10 joining of the marks or any use of the marks. This is --
11 and they had an absolute license to use it at that time.

12 THE COURT: Is Madonna still using any reference
13 to Digs?

14 MR. PLATT: Absolutely not. The only allegation
15 the plaintiffs have raised is this wild baseless allegation
16 regarding Meta tags. We have a declaration from the
17 defendant's third party web consultant who helped change
18 the website.

19 THE COURT: That's Mr. Straub's --

20 MR. PLATT: Mr. Straub, yes. What happened with
21 the website was that one of the assets of the company that
22 remained with the defendants was digsmoda.com. That was
23 changed to madonnaandco.com. This third-party consultant
24 was hired to assist with that and as he said in his
25 declaration, one of his jobs was to wash anything relating
26 to Digs from the website.

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2 All they've alleged was that on two separate pages
3 that were not even linked to the website, they were
4 accessible only on the server, were actually missed. There
5 was no way to get to those websites --

6 THE COURT: Were mixed or missed?

7 MR. PLATT: Were missed, I'm sorry, Your Honor,
8 they were missed by this third-party consultant as he said
9 in his declaration. There was no notice provided, although
10 plaintiffs apparently knew about this, there was no notice
11 provided to defendants regarding this. And as soon as
12 defendants became aware of this they removed those two
13 things that were missed during the web transfer.

14 THE COURT: And when did that happen?

15 MR. PLATT: That was in, I believe January, early
16 February 2013 -- or '14, I'm sorry.

17 THE COURT: No, if I put in -- if I put in Digs
18 in Yelp, white pages or Google?

19 MR. PLATT: That's a separate issue, Your Honor.
20 That's the third party. Right now and in the past --

21 THE COURT: Right now, yes.

22 MR. PLATT: -- with I believe potentially white
23 pages and I think there might be one other, it might show
24 up. Defendants have no control over that and defendants
25 have, as was stated in November 25th, in a letter
26 responding to the plaintiffs, defendants have reached out

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to those third parties and requested that they remove anything relating to Digs that ties it to the address of the current store or that ties it to Madonna and Company.

We have tried, we have used our best efforts, and we would continue to do so. And if they want to go directly to those third parties there is nothing the defendants could do more than what they have done. There is no desire on the part of Madonna and Company, the defendants, to have any relationship whatsoever with this Digs brand.

THE COURT: Anything else you want to say?

MR. PLATT: Oh, one last thing with the Meta tag issue, again, we have a declaration from the third-party consultant that there are no Meta tags, there is no source code, there's nothing in the website that involves Digs with the Madonna co-website.

The reason that they're saying that if you type in Madonna or the name Madonna and Co or the address and sometimes that, in a regular, natural search on Google, that will pop up. That's because the plaintiffs themselves only have a website that doesn't do e-commerce, they don't have marketing. That the names of Geralynn Madonna and the individual names of the plaintiffs are the address of the old store are tied on the internet with old marketing, old P.R., for two years.

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2 So the algorithms of Google continue to pick that
3 up. There's nothing we can do to change that. That has
4 nothing to do with anything defendants are doing, and that
5 we assume will go away over time as the plaintiffs develop
6 their website. There's nothing whatsoever that the
7 defendants are doing that would create that situation.

8 THE COURT: All right. Mr. Singer? Are you
9 finished you now, Mr. Platt?

10 MR. PLATT: Yes, Your Honor.

11 THE COURT: Okay. Thank you very much.

12 MR. SINGER: Just one or two points here. First,
13 I want to draw your attention, Your Honor, to in the main
14 papers we had filed in my client Ms. Rajwin's affidavit she
15 walks point by point from doing searches dating from, I
16 believe it was from November all the way through the middle
17 of February, how she was typing in the Digs names and
18 getting Geralynn Madonna at the top. So this is has been
19 ongoing and again, it's been repeated again, and it's the
20 same problem.

21 Now as far as these hyperlinks that collect, you
22 understand, Your Honor, when the Geralynn Madonna would
23 come up on the screen when you are in a search right
24 underneath it you have these little buttons, these
25 hyperlinks. One is called clothing and one was called
26 collections. In other words, available to everyone.

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2 All you would do is you would click in right on,
3 oh, I'm curious about the collections that Geralynn D.
4 Madonna and Madonna's Co. You click it on and you get all
5 the trademark lines. So there is simply no way,
6 impossible, that she would not have known about this. We
7 don't believe it. And further evidencing that, suddenly,
8 on January 30th, when January 29th when this lawsuit
9 started, she took that off right away. I'm sorry, it's
10 just too coincidental. That's number one.

11 THE COURT: If she took it off. What's the
12 problem?

13 MR. SINGER: Well, it's because how it's affected
14 the search engines and we're concern is it's still coming
15 up to the top. The only reasonable explanation at point is
16 because they have some program in their Met tags though
17 they have not displayed that as part of their exhibit, I
18 thought that needs to be disclosed because that is majorly
19 affecting my client.

20 The other issue is, Your Honor, are the third-
21 party sites. Now we don't need to look at the reply papers
22 to see the continuing egregiousness of the third-party
23 sites. They're all in my primary papers. I was attaching
24 them again to help the Court out.

25 Okay. The Yelp sites are here. I've seen it
26 start from January 27 in Exhibit X, you know, saying --

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2 referring to -- making the references to the Digs name. So
3 we don't need to go back to look at the reply papers exist.
4 So it is summarized.

5 The problems with the search engines coming up
6 must be the Meta tags or something in the programming, same
7 thing affecting the ads, the Google ads coming up when you
8 search for Digs. Number two, continuation on third-party
9 sites has to be stopped. That's it.

10 THE COURT: All right. Okay. Have you answered
11 yet?

12 MR. PLATT: No, Your Honor.

13 THE COURT: When's your answer due?

14 MR. PLATT: I believe it's due in two weeks.

15 THE COURT: Okay. Anything else you want to add,
16 Mr. Singer? If you want to consult with your clients,
17 fine.

18 MR. SINGER: What my client's explained to me,
19 and I've done the searches myself and they had just done
20 them again yesterday. It's very clear to the Court,
21 anything that we had done they've been doing searching
22 anything relating to Digs. So Digs clothing, Digs NYC,
23 anything an ordinary person would use to try to find some
24 information about the Digs brand, Geralynn Madonna's coming
25 up on top or just below, it's creating confusion. That
26 problem needs to be resolved.

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THE COURT: Okay. I'm prepared to rule on this unless anybody wants to add anything else.

MR. SINGER: Your Honor, may I just take a --

THE COURT: Sure.

(Pause in proceedings on the record.)

MR. PLATT: May I speak, Your Honor?

THE COURT: Well after Mr. Singer speaks.

MR. SINGER: Just my client has reminded me of one thing and we had mentioned this in our primary papers as well. One of the major problems that's affecting because the searches and they're not coming up as they should, above the Madonna, is that they've been holding off on re-setting up their ecommerce site, which is where a significant amount of their income was coming from.

That can't be done until this is problem solved. So they're continuing to not be able to do that. If they do it, then again, it's going to just strengthen the Madonna brand by creating more confusion. It's not a complicated situation.

THE COURT: Mr. Platt?

MR. PLATT: Your Honor, at the end here they've raised only two issues. One is this issue relating Meta tags, which is pure conjecture, and it sounds like from the description that they want a preliminary injunction against

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the internet. It's incomprehensible, what they're discussing here.

The fact that searches come up through algorithms for a group of people who are in business for two years, whose all names and addresses were associated with these purported marks, that the internet. That's Google, that's algorithms, there's nothing we can change about that until the plaintiffs develop their website and develop their company and they end up on Google's algorithms coming up first.

Secondly, as far as any third-party sites, as we said, the defendants --

THE COURT: Have you been in touch with Google to ask them to stop their -- or change their algorithms so that whatever confusion might occur does not occur?

MR. PLATT: No, I mean, that's Google.

THE COURT: Just a minute.

MR. PLATT: Your Honor, there's no infringing activity. We've contacted -- and then as far as the third parties go, with respect to every third party that's listed in the order to show cause the defendants have either previously, well, have previously contacted those third parties and requested any changes. There's no desire on the defendant's part to have their name associated with

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Digs. They're not trying to do so and they've used every best effort possible.

With respect to third parties, they have control of them and they would continue to do so but they don't have any control.

THE COURT: All right.

MR. PLATT: And I think they've cited one -- white pages.

THE COURT: Well the three that I have in my notes are Yelp, white pages and Google.

MR. PLATT: Well Google is two things, Your Honor, too and when they're mentioning Google, I think they're alleging direct links that are paid with Google. Which again, in our papers, don't exist?

THE COURT: Yeah.

MR. PLATT: And that's number one. Number two is just Google's general search, searching the internet when you put in a name or you put in an address and what comes up. That's Google, that's the internet.

THE COURT: Okay. I understand.

MR. PLATT: Thank you, Your Honor.

THE COURT: All right, Mr. Singer.

MR. SINGER: Just very brief so you can have --

THE COURT: You get -- this is the last word.

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MR. SINGER: This is the last word, last word,
Your Honor. I think there's no dispute that there's --
THE COURT: You have the burden so you have the
last word.
MR. SINGER: There's no dispute that for at least
two of the sites there's continuing infringement, okay.
There is the Yelp and the white pages. You know, and I'll
get to Google in a second. But Yelp, like it is, we need
Your Honor's help to get that, to get that off.
And then there's the Google. They're misstating
what the Google. There's a couple of problems with Google.
One is, it's a search engine problem which I've cited many
times in my arguments.
The other is the Google ads would actually
referenced Digs, and my client's just reminded me, were
just causing a problem.
Number three, which I cited on my papers as well,
is that when you search Google, the images on your, you
know, on the Google pages you're getting images for Digs,
you know, associated with the when you're searching G.M.
mark, et cetera.
THE COURT: As I understand the defendant's
position, however, with respect to Yelp and white pages,
it's because of algorithms that exist in the search engines

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themselves and not because of any listings occasioned by the defendant Madonna and Company.

MR. SINGER: Right. Right. Sorry, Your Honor. The way it works at sites (indiscernible) is the user -- I don't, frankly, believe that Madonna can't control it. The way it works with, besides, like Yelp, this is an advertising site. You go in there, you log in, you put your information in so the -- if they still have formerly known as Digs in there it's because they haven't taken it out. And if there's some issue they're having with Yelp then Yelp needs to take it out. It's not an algorithm situation.

THE COURT: I asked Mr. Platt that question, formerly known as Digs, and I gather you represented the court in open court that that's no longer operational, is that right, Mr. Platt?

MR. PLATT: Correct, Your Honor.

MR. SINGER: Okay. Well, if you go on -- well, if I -- I ask the Court to go on Google. I'm able to see it. My client just gave me screenshots yesterday which had it referenced. So I'm sorry, I dispute that with Mr. Platt as an incorrect statement.

THE COURT: Mr. Platt?

MR. PLATT: May I speak, Your Honor? As I said

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2 before, that defendants are not using formerly know as Digs
3 Moda, Digs Moda Soho. That if there is a third-party
4 website that is left out there for some reason from an old
5 listing from the company we have no control over it. We
6 are not using it and as we have said, as defendants have
7 said before, they have reached out to everybody on that
8 list and I don't think there's -- I don't -- I believe it's
9 in our papers. There might be one or two left that still
10 have that, that the defendants have absolutely no control
11 over.

12 And I think the one example is white pages and I
13 believe --

14 THE COURT: Okay. I really have heard enough
15 now.

16 MR. PLATT: Okay.

17 THE COURT: We're repeating ourselves. I've read
18 the papers which in support of the order to show cause, the
19 response from Madonna. I have not read the reply that was
20 filed untimely this morning. A, I didn't have time to and,
21 B, it's inappropriate because the schedule that the
22 plaintiff sought was the one I imposed. It did allow for a
23 reply but the papers that the defendant filed were not
24 anymore voluminous than the papers filed by the plaintiff
25 in support of its preliminary injunction.

The nature of preliminary injunction is that you've got to get the facts in, get the law in, get it in quickly. Now to obtain a preliminary injunction a plaintiff has to show the likelihood of success in the merits. The likelihood of irreparable harm in the absence of the injunction, a balance of hardship tipping decidedly in the favor of the plaintiff, and the public is not disturbed by the issuance of the injunction. That's Salinger against Colting, 607 F.3d 68, pages 79 to 80 in the 2d Cir. 2010.

Here the plaintiff Digs fails to demonstrate irreparable harm. Digs alleges that Madonna and Company has engaged in the plethora of actions which infringe upon its trademarks since October 31st, 2013. That's in the complaint in paragraph 62.

But Digs waited until January 29th to file its complaint, almost three months after the alleged violations began. That's when the relationship between the parties terminated.

Digs then waited an additional six weeks to move for a preliminary injunction on March 12, 2014. Digs was well aware of the alleged infringements during this time and, therefore, cannot justify its delay.

As early as November 1st, 2013 Digs requested that

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Facebook remove certain items from Madonna and Company's profile and on November 18th it sent Madonna and Company a letter describing its objections.

Furthermore, Digs supported its complaint with exhibits depicting websites accessed on December 11th, 2013 or earlier, despite not filing its complaint for another month and a half. Its motion for preliminary injunction merely attaches these exhibits and rehashes the same infringement that alleged in the complaint.

The information about the so-called infringement had become stale by this time. Such a significant and unexplained delay alone justifies denial of the preliminary injunction. CitiBank v. Citytrust, 756 F.2d 273, 276 (2nd Cir. 1985).

An injunction is also inappropriate because there is no allegations that I can credit of any real ongoing infringements. Digs bases its motion on Madonna and Company's use of the marks prior to the filing of the complaint. But defendant, I find, has removed all the items from its website and has requested the third-party websites do the same.

It appears that there are now only three websites that contain the marks: Storeboard, White Pages, Yelp in addition to Google and defendant has requested the content

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2 be removed from each. The trivial uses by third-party
3 websites cannot create irreparable harm not has Digs
4 established that there is reasonable expectation that a
5 fringing conduct will resume, and if it does, there's
6 remedies for that.

7 Rather than posing a continuing threat Madonna and
8 Company appears to have engaged in a conscientious effort
9 to disassociate itself from Digs. As a result there exists
10 no likelihood of irreparable harm and therefore, the
11 issuance of a preliminary injunction is not warranted.

12 If there's any valid claim here, it's claim for
13 monetary damages. But those claims face serious problems
14 on the face of the pleading. For example, plaintiffs may
15 be unable to establish ownership over the marks, which is
16 the sine qua non of a trademark infringement action, Sports
17 Authority Yankee v. Prime Hospitality, 89 F.3d 955, 960(2nd
18 Cir. 1996).

19 Additionally, it is doubtful whether defendant's
20 use of the phrase, quote, formerly Digs Mota Soho, unquote,
21 is likely to mislead consumers into believing an
22 association with Digs still exists. In any event, I accept
23 counsel's representation that the reference to formerly
24 Digs Mota Soho is no longer current, no longer in use. See
25 Kassbaum v. Steppenwolf Productions, 236 F.3d 487 at 492,

493 (9th Cir. 2000), nor has Digs established that the appearance of the mark and the non-domain name portion of a single URL or in the Meta data and source code allegedly on defendant's websites are uses as a mark, see Interactive Productions Corp. against a2z Mobile Office Solutions, 326 F.3rd 687, 696, 697 (6th Cir. 2003).

Given these concerns I suggest the parties, that they engage in meaningful discussions to complete the severance of their business arrangements rather than engage in long, drawn-out litigation that will not benefit either party.

The motion for preliminary injunction and a temporary restraining order are denied. Defendant should answer the complaint and should engage in discovery. If there's any repeats of the conduct which caused plaintiff's concern, it's a conduct which I found to be emulative is now reversed. There's always an opportunity to file new motions but right now the motion for a preliminary injunction is denied.

When you file your answer, Mr. Platt and Mr. Finkelstein, I suggest you also file a civil case management plan. We'll have a conference shortly after that.

That constitutes the finding of the Court and the

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2 ruling on the preliminary injunction. As I say, it's been
3 recording so you can order transcripts. Marlon, you let
4 them know how to get the transcript.

5 THE CLERK: Yes, sir.

6 THE COURT: Okay. Thank you very much.

7 MR. PLATT: Your Honor, may I just ask a
8 question?

9 THE COURT: Yes.

10 MR. PLATT: If the defendant's intention moved to
11 dismiss the complaint do we still need to comply with the
12 letter requirement?

13 THE COURT: Well, I think a motion to dismiss,
14 it's unlikely to be granted, I mean given the facts here.
15 There is -- there are factual disputes. The facts is such
16 that plaintiff is not entitled to a preliminary injunction.
17 I don't think you could ever make out a claim that, you
18 know, the facts don't raise an issue that can go forward

19 But if you want to make your motion to dismiss my
20 procedures call for a letter and a pre-motion conference
21 which I'd ask you to follow. But I can tell you right now,
22 Mr. Finkelstein, it's not likely to be granted.

23 MR. FINKELSTEIN: I understand, Your Honor.

24 THE COURT: Okay. So you ought to answer, then
25 file the civil case management plan which you really ought

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to do in my humble opinion and I commend it for you, for
whatever it's worth, is retain the service of a mediator
and compose your differences so that both sides can get on
with doing what they're in business to do, which is engage
in meaningful commerce. Thank you.

MR. FINKELSTEIN: Thank you, Your Honor.

(Whereupon the matter is adjourned.)

C E R T I F I C A T E

I, Carole Ludwig, certify that the foregoing transcript of proceedings in the United States District Court, Southern District of New York, Digs NYC L.L.C. et al. v. G.M. Madonna & Co. L.L.C., Docket number 14cv538, was prepared using digital transcription software and is a true and accurate record of the proceedings.

Signature_____

Date: April 2, 2014